

TECHNICAL

Direct Taxation

TECHNICAL UPDATES

1. [INCOME TAX \(DEDUCTION FOR INVESTMENT IN A BIONEXUS STATUS COMPANY\) RULES 2016 – P.U\(A\)306-2016](#)

The above Rules have been gazetted on 7 December 2016 and will have **effect from YA 2016**.

Under Rule 3, in ascertaining the adjusted income of a qualifying person from its business, a **deduction is allowed** in the basis period for a year of assessment of an **amount equivalent to the actual value of investment made** by the qualifying person in the basis period in a company which has been approved by the Minister as a BioNexus status company.

2. **TOUR OPERATING BUSINESS – [P.U.\(A\)345-2016](#) & [P.U.\(A\)346-2016](#)**

The above Orders have been gazetted on 22 December 2016 and will have **effect from YA 2016 until YA 2018**.

The following are exemptions granted to tour operating businesses licensed under the Tourism Industry Act 1992:

a) [INCOME TAX \(EXEMPTION\) \(NO.11\) ORDER 2016 – P.U\(A\)345-2016](#)

A company resident in Malaysia and licensed under Tourism Industry Act 1992 is eligible for exemption on statutory income derived from a tour operating business which provides **group inclusive tour package** to or in Malaysia and participated by **not less than seven hundred and fifty foreign tourists** in a basis period for a year of assessment.

b) [INCOME TAX \(EXEMPTION\) \(NO.12\) ORDER 2016 – P.U\(A\)346-2016](#)

Similarly a company resident in Malaysia and licensed under Tourism Industry Act 1992 is eligible for exemption on statutory income derived from a tour operating business which provides **domestic tour package** within Malaysia and participated by **not less than one thousand and five hundred local tourists** in a basis period for a year of assessment.

Note: It appears that there is typo in paragraph 5(3) of the gazette order and the Institute has written to the Ministry of Finance for clarification.

3. **INCOME TAX (DEDUCTION FOR EXPENDITURE ON ISSUANCE OF RETAIL DEBENTURE AND RETAIL SUKUK) RULES 2016 – P.U.(A) 347-2016**

The above Rules have been gazetted on 22 December 2016 and will have effect from YA 2016 until YA 2018.

A specified amount of deduction (*Refer to subrule 2(6) & 2(7)*) is allowed in ascertaining the adjusted income of a company resident in Malaysia from its business for the basis period for a year of assessment, in respect of additional expenses incurred by the company on the issuance of

- (i) retail debenture approved by Securities Commission Malaysia (SC)
- (ii) retail sukuk structured pursuant to the principle of Murabahah or Bai' Bithaman Ajil, Mudharabah, Musyarakah, Istisna' or any Shariah principle approved by SC;
- (iii) retail sukuk structured pursuant to the principle of Ijarah, or Wakalaj comprising a mixed component of asset and liabilities approved or authorized by SC

Members may read the Rules and Orders in full at the official website of the [Attorney-General's Chambers](#).

You may write to the Institute at technical@ctim.org.my or secretariat@ctim.org.my in respect of any suggestions, concern or comments you may have on the above so that we may raise them to the LHDNM.

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